

Message Text

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E.O. 11652: GDS

TAGS: PFOR

SUBJECT: EUR DEVELOPMENTS, OCTOBER 3

EYES ONLY

FOR ASSISTANT SECRETARY HARTMAN FROM LOWENSTEIN

1. GREECE, TURKEY, CYPRUS: THE SENATE THIS MORNING FOLLOWED UP THE HOUSE ACTION LAST NIGHT AND PASSED S.2230 WITHOUT A ROLL CALL. THE LEGISLATION, TOGETHER WITH THE REQUIRED PRESIDENTIAL DETERMINATION LETTERS, ARE ON THEIR WAY TO THE WHITE HOUSE FOR SIGNATURE. AT NOON THE PRESIDENT ISSUED A PRESS STATEMENT ALONG LINES EUR HAD DRAFTED, AND MESSAGES TO DEMIREL AND CARAMANLI HAVE BEEN APPROVED AND SENT. WILL REPEAT TEXTS TO YOU WARSAW. AMBASSADOR MACOMBER SAW THE SECRETARY LATE THIS AFTERNOON, AND WILL BE RETURNING TO ANKARA TONIGHT. (HE WILL BE IN LONDON ON SATURDAY.) HIS INSTRUCTIONS, BUT NOT THE SCENARIO, WERE APPROVED.

REACTION IN THE AREA TO YESTERDAY'S HOUSE ACTION HAS

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THUS FAR BEEN LIMITED. THE TURKISH GOVERNMENT ISSUED AN

OFFICIAL STATEMENT WHICH SOMEWHAT GRUDGINGLY ACKNOWLEDGED THAT A FORWARD STEP HAD AT LAST OCCURRED. IN ANOTHER STATEMENT, THE TURKISH FOREIGN MINISTER WELCOMED THE LIFTING OF THE EMBARGO BUT IMPLIED THAT U.S. FACILITIES COULD NOT BE IMMEDIATELY REOPENED. ECEVIT TOOK A STRIDENTLY NEGATIVE

LINE, PARTICULARLY ON THE RANGEL AMENDMENT. NO LARGE DEMONSTRATIONS HAVE BEEN STAGED AGAINST OUR INSTALLATIONS IN GREECE OR CYPRUS. INTELLIGENCE INFORMATION INDICATES THAT DEMONSTRATIONS PLANNED FOR NICOSIA AND ATHENS ARE BEING DISCOURAGED OR TONED DOWN BY AUTHORITIES IN THE TWO CITIES.

2. PIKE COMMITTEE: HYLAND WILL TESTIFY WITH OTHERS ON TUESDAY RE PORTUGAL. THE CYPRUS TASK FORCE CRITIQUE HAS BEEN SENT TO THE COMMITTEE STAFF. AFSA BOARD IS EXPECTED TO DISCUSS THE ISSUES INVOLVED AT ITS NEXT MEETING MONDAY. I HAD GOOD CONVERSATIONS ON THE SUBJECT WITH BOTH LES ASPIN AND STEVE ROSENFELD. THE COMMITTEE HAS ASKED STACY HULSE TO APPEAR NEXT WEEK; BILL WELLS HAS ASKED HIM TO CHECK IN WITH SE BEFORE HIS APPEARANCE.

3. SCHMIDT VISIT: WE HAVE LITTLE INFORMATION YET ON THE WHITE HOUSE MEETING AND LUNCH. ECONOMIC ISSUES WERE EMPHASIZED BUT WE DO NOT KNOW WHETHER OR IN WHAT MANNER OFFSET CAME UP.

4. VISIT OF PORTUGUESE FOREIGN MINISTER: MELO ANTUNES WILL ARRIVE WEDNESDAY, OCTOBER 8, TO SPEAK TO UNGA COMING DIRECTLY FROM BRUSSELS WHERE HE WILL MEET WITH EC ON OCTOBER 7. WE ARE PROPOSING TO SECRETARY MEETING AND/OR WORKING LUNCH IN WASHINGTON OCTOBER 9 OR 10.

5. SPANISH SAHARA: THERE ARE REPORTS THAT KING HASSAN HAS DECIDED TO TAKE MILITARY ACTION IN THE NEXT FEW WEEKS AGAINST SPANISH FORCES IN THE SAHARA. THE GOS APPARENTLY HAS SIMILAR REPORTS AND HAS EXPRESSED CONCERN TO OUR CHARGE IN MADRID.

6. CORTINA: MEETING WITH CORTINA NOW SET FOR 1100
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SATURDAY. WE WILL REPORT RESULTS.

7. EMBARGO ON EXPORT FROM SPAIN: WE HAVE LEARNED THAT THE COMMERCE DEPARTMENT PLANS TO ACT NEXT WEEK TO ANNOUNCE AN EMBARGO ON YELLOWFIN TUNA PRODUCTS FROM SPAIN BECAUSE OF SPANISH VIOLATIONS OF INTERNATIONAL CONSERVATION REGU-

LATIONS FOR THAT SPECIES. MINDFUL OF THE POLITICAL IMPLI-

CATIONS OF THIS EMBARGO, WE HAVE ASKED EMBASSY MADRID TO FOLLOW UP ON OUR APPROACH TO THE GOS OF AUGUST 29 IN

HOPES OF AVOIDING THE APPLICATION OF THE EMBARGO TO SPAIN, BUT HAVE NO INDICATION THAT THE SPANISH WILL AGREE TO COMPLY IN THIS MATTER.

8. USSR-PORTUGAL: A SCIENTIFIC AND CULTURAL AGREEMENT AND AN AGREEMENT ON LONG-TERM ECONOMIC, SCIENTIFIC, AND CULTURAL COOPERATION WERE SIGNED AT THE CONCLUSION OF COSTA GOMES VISIT TO MOSCOW. THEY AGREED ALSO ON INTENSIFIED CONSULTATIONS AND EXCHANGES AT VARIOUS LEVELS. A COMMUNIQUE AND DECLARATION STRESS IMPORTANCE OF CSCE RESULTS, NON-INTERFERENCE, AND SOVIET DISARMAMENT LINE. BREZHNEV AND PODGORNYY WERE INVITED TO PORTUGAL. BREZHNEV WAS REPORTED TO HAVE MET WITH COSTA GOMES OCTOBER 3 IN A "FRIENDLY AND BUSINESS-LIKE ATMOSPHERE," A NOT OVERLY EFFUSIVE DESCRIPTION BY SOVIET STANDARDS. ACCORDING TO TASS, BREZHNEV AND COSTA GOMES TOOK A STRONG LINE AGAINST OUTSIDE DICTATION OF PORTUGUESE AFFAIRS. POLITBURO MEMBERS PODGORNYY, KOSYGIN, AND GROMYKO ATTENDED A DINNER IN HONOR OF COSTA GOMES OCTOBER 1. DEFENSE MINISTER GRECHKO REPORTEDLY WAS AT THE AIRPORT GREETING COSTA GOMES. HIGH LEVEL OF RECEPTION BY SOVIETS SUGGESTS IMPORTANCE THAT THEY ATTACH TO PORTUGUESE SITUATION. PODGORNYY'S REMARKS OCTOBER 1 AVOIDED ACCUSATIONS AGAINST THE UNITED STATES, ATTACKS ON "REACTIONARY" OR OTHER POLITICAL FORCES INSIDE PORTUGAL, OR ENDORSEMENT OF AZEVEDO GOVERNMENT. THE SOVIET PRESS HAS PORTRAYED THE AZEVEDO GOVERNMENT AS AN ACCEPTABLE INTERIM SOLUTION PREVENTING A "REACTIONARY" TAKEOVER.

9. U.S.-USSR TRADE AND ECONOMIC COUNCIL: DON KENDALL AND ABOUT 15 OTHER AMERICAN BUSINESS EXECUTIVES AS WELL
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AS 25 SOVIET TRADE AND ECONOMIC POLICY OFFICIALS WILL BE IN WASHINGTON TUESDAY OCTOBER 7. THEY WILL SEE THE PRESIDENT, SIMON, JAVITS AND RIBICOFF AND WE ARE TRYING

TO ARRANGE FOR THE SECRETARY TO SEE THEM ALSO.

10. U.S.-USSR CIVIL AIR RELATIONS: ARMITAGE CALLED IN VASEV TODAY TO PROPOSE US-SOVIET CIVIL AIR TALKS IN WASHINGTON BEGINNING NOVEMBER 17.

11. SOVIETS ASK U.S. BANKERS FOR GRAIN CREDITS: THE BANK FOR FOREIGN-TRADE IS PRESSING CONTINENTAL BANK OF ILLINOIS FOR THREE YEAR CREDITS FOR GRAINS, CLAIMING THEY COULD OBTAIN COMPARABLE CREDITS FROM OTHER US BANKS. THIS IS THE FIRST INDICATION OF SOVIET OVERTURES IN US CREDIT

MARKETS RELATED TO THIS YEAR'S GRAIN PURCHASES, ALTHOUGH THEY HAVE BEEN IN EURODOLLAR MARKETS HEAVILY OF LATE TO COVER THE PROJECTED HARD CURRENCY DEFICIT.

12. CONGRESSIONAL ACTION ON NATO EXERCISES: SEPTEMBER 25 HOUSE APPROPRIATIONS COMMITTEE REPORT INCLUDES INTENT TO CANCEL FUNDING FOR REFORGER AND CRESTED CAP EXERCISES AFTER FISCAL YEAR 1976. DOD IS DEVELOPING RECLAMA TO BE USED WITH SENATE IN AN EFFORT TO REVERSE THIS IN CONFERENCE. WE HAVE NOT YET BEEN QUERIED BY ALLIES. WE PLAN TO CABLE NATO AND EUROPEAN POSTS CITING THE ADMINISTRATION'S OPPOSITION AND OUR INTENT TO SEEK REVERSAL BEFORE FINAL ENACTMENT. KISSINGER

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